



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 2, 1998

Chevron U.S.A. Production Company
P. O. Box 1150
Midland, Texas 79702
Attention: Dave Rittersbacher

Administrative Order NSL-4048(BHL)

Dear Mr. Rittersbacher:

Reference is made to your application dated February 18, 1998, for a non-standard subsurface oil producing area/bottomhole oil well location, pursuant to Rules 104.F and 111.C(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), to be applicable to the Undesignated North Lusk-Strawn Pool underlying a standard 40-acre oil spacing and proration unit comprising the SW/4 SW/4 (Unit M) of Section 28, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, for the existing Scott "E" Federal Well No. 1 (API No. 30-025-27442).

It is our understanding that said well was originally drilled by Gulf Oil Company in 1981 to a total depth of 13,100 feet and was subsequently completed within the Querecho Plains-Lower Bone Spring Pool. In 1993 after producing a total of 18,436 barrels of oil and 34,811 MCF of gas said well was plugged and abandoned.

Chevron U.S.A. Production Company ("Chevron") and Division records indicate that this well was originally staked at a standard oil well location 1980 feet from the South and West lines (Unit K) of said Section 28.

A resurvey by Chevron in January, 1998 shows the actual surface location of this well to be 1148 feet from the South line and 775 feet from the West line (Unit M) of said Section 28.

Per your application, Chevron, at this time, intends to reenter the wellbore, kick off from vertical in an easterly direction, and directionally drill to a bottomhole location within the Strawn formation at an unorthodox bottomhole location in order to: (i) avoid the severed 5-1/2 inch casing stub at an approximate depth of 7,667 feet; and, (ii) penetrate the small localized highly porous algal reef mound within the Strawn formation underlying the SW/4 of said Section 28 at a more favorable geologic position on its eastern flank.

The applicable drilling window or "producing area" within the Undesignated North Lusk-Strawn Pool, as requested by Chevron, for said wellbore shall include that area within the subject

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40-acre oil spacing and proration unit comprising the SW/4 SW/4 (Unit M) of said Section 28 that is:

- (a) no closer than 330 feet to the east, south, and west boundaries of said unit; and,
- (b) no closer than 72 feet to the northern boundary of said unit.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described non-standard subsurface oil producing area/bottomhole oil well location is hereby approved.

The operator shall comply with all provisions of Division General Rule 111 applicable in this matter.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe